

# Memorandum

**To:** Chair and Commissioners

**Date:** December 1, 2003

**Reference Number** 4.9

**From:** Diane C. Eidam, Executive Director

**Action**

**Ref:** Timely Use of Funds - Allocation Extension Requests and Funding Constraints

**Issue:** Should the Commission depart from its timely use of funds rule and start accepting lack of State Highway Account (SHA) funding as an allowable justification for granting allocation extensions to fiscal year (FY) 2003-04 programmed projects? Also, should the Commission depart from its rule of not allowing reprogramming of current year programmed projects to later years of the STIP?

**Recommendation:** Staff recommends that the Commission grant allocation extensions to Caltrans and local grant projects programmed for allocation in FY 2003-04 that can't be delivered due to the lack of SHA funds. Staff also recommends that delivered projects on the Commission's pending allocation list or projects that have been granted allocation extensions that expire after the adoption date of the 2004 Fund Estimate be allowed the option of being reprogrammed to later fiscal years of the STIP during the 2004 STIP programming cycle.

**Background:** Under the Commission's timely use of funds policy, funds that are programmed for components of local grant projects or for Caltrans construction costs in FY 2003-04 are available for allocation only until the end of June 2004. If the programmed funds are not allocated by June 2004, the project programming is deleted from the STIP. The Commission will not reprogram the funds to a later year but may grant an allocation deadline extension if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies an extension.

The Commission by policy has not been granting allocation extensions because of its inability to allocate projects due to the lack of SHA funds, but has instead insisted that projects be delivery and placed on the pending allocation list. With the constrained right-of-way allocation, Caltrans is no longer able to deliver FY 2003-04 construction projects even to the pending list. In addition, Caltrans and local agencies may now lack the necessary resources for project development and delivery activities or local agencies may determine that it is not a cost effective use of limited local resources to deliver projects to the Commission's pending allocation list. Staff believes it is time to revisit the Commission's allocation extension policy and start granting extensions because of the Commission's inability to allocate projects due to the lack of SHA funds.

In addition projects that are on the Commission's pending allocation list or that have been granted extensions of the allocation period should be allowed the option of being reprogrammed to later years of the STIP during the 2004 STIP programming cycle at the discretion of the delivery agency.